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MILLENNIUM CHALLENGE CORPORATION

[MCC FR 15-02]

Notice of Entering into a Compact with the Republic of Benin

AGENCY: Millennium Challenge Corporation.

ACTION: Notice.

SUMMARY: In accordance with Section 610(b)(2) of the Millennium Challenge Act of 2003 (22 U.S.C. 7701-7718) as amended (the Act), and the heading "Millennium Challenge Corporation" of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2015, the Millennium Challenge Corporation (MCC) is publishing a summary of the Millennium Challenge Compact between the United States of America, acting through the Millennium Challenge Corporation, and the Republic of Benin. Representatives of the United States Government and Benin executed the Compact documents on September 9, 2015. The complete text of the Compact has been posted at <https://assets.mcc.gov/documents/compact-benin-power.pdf>.

Dated: September 18, 2015.

Maame Ewusi-Mensah Frimpong
Vice President and General Counsel
Millennium Challenge Corporation

Summary of Millennium Challenge Compact with the Republic of Benin

Explanation of the Millennium Challenge Compact with Benin (Compact)

The Millennium Challenge Corporation (“MCC”) has entered into a five-year, \$375 million compact with the Republic of Benin aimed at reducing poverty and accelerating economic growth (the “Compact”). The Compact identifies a program that the MCC will fund consisting of the following four projects: (a) the Policy Reform and Institutional Strengthening Project will support key reforms needed to ensure the sustainability of Benin’s electric power sector, including professional regulation, stronger utility operations, and private sector participation in power generation; (b) the Electricity Generation Project will increase Benin’s domestic generation capacity by up to 78 megawatts while decreasing the country’s dependence on unreliable external energy sources through investments in a combination of solar, thermal, and hydroelectric power sources; (c) the Electricity Distribution Project will improve the nationwide grid by building a modern distribution dispatch and control center, as well as the grid in Cotonou, Benin’s largest city and load center and selected regional networks as a complement to the solar investments; and (d) the Off-Grid Electricity Access Project will support policy and institutional reforms as well as infrastructure financing for off-grid electricity.

The Compact articulates the terms and conditions, responsibilities, and obligations of each of the United States, acting through MCC, and Benin, acting through its government. MCC will oversee the implementation of the Compact on behalf of the United States. MCA-Benin II, a legal entity to be established by the Government of Benin (GoB), will manage the implementation of the Compact, while the GoB retains ultimate overall responsibility.

Background Information on Negotiations

In December 2011, MCC's Board of Directors selected Benin as eligible for second Compact assistance. Benin was also deemed eligible for Compact assistance in fiscal years 2013 and 2015. MCC notified Congress pursuant to Section 610(a) of the Millennium Challenge Act of 2003, as amended (Act) on April 9, 2015, of its intent to commence negotiations with Benin, following a 15-day Congressional consultation period. Based on MCC's evaluation of the proposed projects and related documents, and subsequent discussions and negotiations, MCC and the GoB finalized the terms of a Compact, which the MCC Board of Directors approved. The Compact was signed on September 9, 2015, by MCC Chief Executive Officer Dana J. Hyde, for the United States of America, and Komi Koutché, Minister of State in charge of Economy, Finance and Denationalization Programs, for the GoB.

Effect of Compact

The Compact provides the basis for a grant of funds to the GoB for implementation of a program designed to reduce poverty in Benin through economic growth. The specific objective of the program is to expand business production and productivity, generate greater economic opportunities for households, and improve the capacity to provide public and social services by improving the quantity and quality of the supply of electricity in Benin.

Legal Authority

Sections 605, 609(a) and 609(g) of the Act.

Entry into Force

The Compact will enter into force on the date of the letter from MCC to the GoB in an exchange of letters confirming that the GoB has completed its domestic requirements for entry into force of the Compact and that the conditions precedent to entry into force in Section 7.2 of the Compact have been met.

Duration of the Agreement

The Compact shall remain in force for five years from entry into force, unless earlier terminated.

Point of Contact

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